

227327

June 23, 2010

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Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

**Re: STB Finance Docket No. 35385, Oregon International Port of Coos Bay –
Acquisition Exemption – Rail Line of Union Pacific Railroad Company in
Coos County, OR**

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 CFR § 1150.41 for the Oregon International Port of Coos Bay ("Port") to acquire a rail line from the Union Pacific Railroad Company. An additional copy is enclosed for date stamping and return via our messenger. A compact disk containing an electronic version of the Notice of Exemption and summary is also enclosed.

We have also enclosed a check for \$1,800 to cover the filing fee required for a notice of exemption under 49 CFR § 1002.2(f)(14)(ii). However, the Port hereby seeks waiver of the filing fee pursuant to 49 CFR § 1002.2(e)(1). The Port is a state governmental entity organized under Oregon Revised Statutes §§ 777.915 to 777.953. Waiver is in the public interest because the rail line that is the subject of this Notice of Exemption is currently not operational due to significant maintenance needs. The Port is seeking to acquire the line not as a profit-making endeavor but, instead, to rehabilitate it so that rail service can be provided to the local community and businesses. The Port intends to hire a third-party rail carrier to provide rail operations once the line is rehabilitated.

Please do not hesitate to contact me if you have any questions.

Best regards,



Sandra L. Brown

Enclosures

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**SURFACE
TRANSPORTATION BOARD**

Sandra.Brown@ThompsonHine.com Phone 202.263.4101 Fax 202.331.8330

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BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35385



OREGON INTERNATIONAL PORT OF COOS BAY
- ACQUISITION EXEMPTION -
RAIL LINES OF UNION PACIFIC RAILROAD COMPANY
IN COOS COUNTY, OR

NOTICE OF EXEMPTION

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202.331.8330 (fax)

*Attorneys for Oregon International Port of
Coos Bay*

June 23, 2010

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35385



**OREGON INTERNATIONAL PORT OF COOS BAY
– ACQUISITION EXEMPTION –
RAIL LINE OF UNION PACIFIC RAILROAD COMPANY
IN COOS COUNTY, OR**

NOTICE OF EXEMPTION

The Oregon International Port of Coos Bay (“Port”), a municipal port district designated as a state port and organized as a special district under Oregon law, provides notice of exemption pursuant to 49 CFR § 1150.41 et seq. from 49 USC § 10902 to acquire 22.37 miles of rail line known as the “Coquille Branch” from the Union Pacific Railroad Company (“UP”) in Coos County, Oregon. The Coquille Branch extends from milepost number 763.13 in Cordes, where it connects to track currently owned by the Port, to milepost number 785.5 in Coquille, the end of the line. The rail line to be acquired is shown on a map attached to this Notice as Exhibit 1.

Rail operations are currently suspended on the Coquille Branch because the former operator, the Central Oregon & Pacific Railroad (“CORP”), issued an embargo on September 21, 2007 and later obtained discontinuance authority from the Surface Transportation Board (“Board” or “STB”) in *Central Oregon & Pacific Railroad, Inc. – Abandonment and Discontinuance of Service – In Coos, Douglas, and Lane Counties, OR*, STB Docket No. 515 (Sub-No. 2) (served Oct. 31, 2008). CORP had operated on the Coquille Branch pursuant to a lease with UP, but CORP will no longer have any operating authority on the line.

This transaction is related to the Port's current ownership of approximately 111 miles of rail line (known as the "Coos Bay Branch") from milepost 652.114 at Danebo, Oregon to milepost 763.13 at Cordes, where the Coquille Branch begins. This track was acquired pursuant to 49 USC § 10907 in *Oregon International Port of Coos Bay – Feeder Line Application – Coos Bay Line of the Central Oregon & Pacific Railroad, Inc.*, STB Docket No. 35160 (served Oct. 31, 2008).

The Coos Bay Branch and the Coquille Branch have historically been operated by a single entity – CORP before the September 2007 embargo and Southern Pacific Transportation Company ("SP") before the sale to CORP. This transaction will help foster the return of rail service on the whole line after rehabilitation is complete on both sections of the line from Coquille to Danebo. The rehabilitation of the line is making steady progress and the Port has informed shippers of its current intent to have the line in service sometime in the early part of the second quarter of 2011. It remains the Port's intention to hire a third-party rail carrier to provide rail operations on the entire track owned by the Port, Coquille to Danebo, so that rail service can connect with UP in the Eugene, Oregon area near Danebo. The Port will soon issue a new Request for Qualifications to solicit proposals from railroads interested in providing rail service for the whole line. Upon selection of a rail operator, the Port will provide appropriate notice to the shippers and the rail carrier will obtain any requisite authority from the Board before operations begin. A verification from Port Executive Director Jeff Bishop is attached at Exhibit 2.

The Port hereby provides the information required by 49 CFR § 1150.43:

(a) The full name and address of the Class III rail carrier applicant

Oregon International Port of Coos Bay
125 Central Avenue, Suite 300 – P.O. Box 1215
Coos Bay, OR 97420

(b) The name, address, and telephone number of the representative of the applicant who should receive correspondence

Sandra L. Brown
Thompson Hine LLP
Suite 800
1920 N St. NW
Washington, DC 20036
(202) 263-4101

(c) A statement that an agreement has been reached or details about when an agreement will be reached

The Port and UP have agreed upon the terms of transfer. Closing is expected to occur on or after July 23, 2010.

(d) The operator of the property

Operations are currently suspended on the property. CORP previously provided rail operations prior to an embargo being declared on or about September 21, 2007. CORP applied for and received discontinuance authority from the Board in a decision served October 31, 2008 in STB Docket No. AB-515 (Sub-No. 2). The rail line is not currently in operable condition, and significant repairs are required. The Port intends to have a third-party rail operator in place to provide operations when repairs are complete. This third-party operator would petition the Board for appropriate operating authority.

(e) A brief summary of the proposed transaction

The proposed transaction involves the Port's acquisition of the remainder of the rail line that connects the Oregon south coast region to the national rail network. Pursuant to the proposed transaction, the Port would acquire all of UP's interest in the subject rail line, including the real estate, track, structures, and other related interests. Neither UP nor CORP would retain any common carrier obligation. The Port has been actively engaged in rehabilitation of the Coos Bay Branch, and rehabilitation will also be needed on the Coquille Branch. The Coquille Branch is currently embargoed and subject to discontinuance authority. When the line becomes operational, the Port plans to have a third party operator in place to operate the line.

Acquisition and rehabilitation of the Coquille Branch will enable a resumption of rail service and facilitate a healthy local economy. As a municipal government entity organized under Oregon law, the Port's mission includes promoting the use of Coos Bay's deep-water port to enhance the economy and quality of life in the region. The Port strives to build a diversified, healthy and stable regional economy along southern Oregon's coast. The Port also serves as a regional economic development entity and an advocate for transportation infrastructure improvements throughout southwest Oregon. Ownership and rehabilitation of the Coquille Branch will help fulfill this mission.

Rail service is critical to the south coast region of Oregon; it provides a connection to the national rail network and facilitates numerous jobs in the lumber industries and other industries in the area. The south coast region of Oregon depends on rail service because of its rural, coastal location, which is bounded by mountains and served by no interstate highways.

A verification regarding the facts of the proposed transaction is attached at Exhibit 2. Information specifically requested in 49 CFR § 1150.43(e) is provided below:

- (1) the name and address of the railroad transferring the subject property to the Class III railroad applicant:**

Union Pacific Railroad Company
1400 Douglas Street
Omaha, NE 68179

- (2) the proposed time schedule for consummation of the transaction**

Closing on the transaction is expected to occur on or after July 23, 2010.

- (3) the mileposts of the subject property, including any branch lines**

The subject property extends from milepost 763.13 in Cordes to milepost 785.5 in Coquille.

There are no branch lines.

- (4) the total route miles being acquired**

The subject property includes 22.37 route miles.

- (f) A map that clearly indicates the area to be served, including origins, termini, stations, cities, counties, and states**

A map is attached at Exhibit 1. The subject line is located within Coos County, Oregon between Cordes and Coquille.

- (g) A certificate that applicant's projected revenues as a result of the transaction will not result in the creation of a Class II or Class I rail carrier so as to require processing under § 1150.45**

A certificate from Port Executive Director Jeffrey Bishop is attached at Exhibit 3.

- (h) Transactions imposing interchange commitments**

The proposed transaction does not impose any interchange commitment.

Environmental review and historic preservation reporting

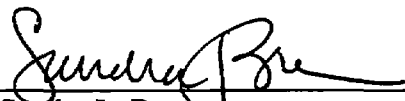
Under 49 CFR § 1105.6(c)(2), the proposed transaction does not require the preparation of any environmental documentation because it will not result in significant changes in carrier operations.

Under 49 CFR § 1105.8(b)(1), the proposed transaction does not require the preparation of a historic preservation report because it consists of a sale of a rail line for the purpose of continued rail operations. Further Board approval would be required to abandon the line and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older.

Caption summary required by 49 CFR §§ 1150.42(a) and 1150.44

See attached Exhibit 4.

Respectfully submitted,

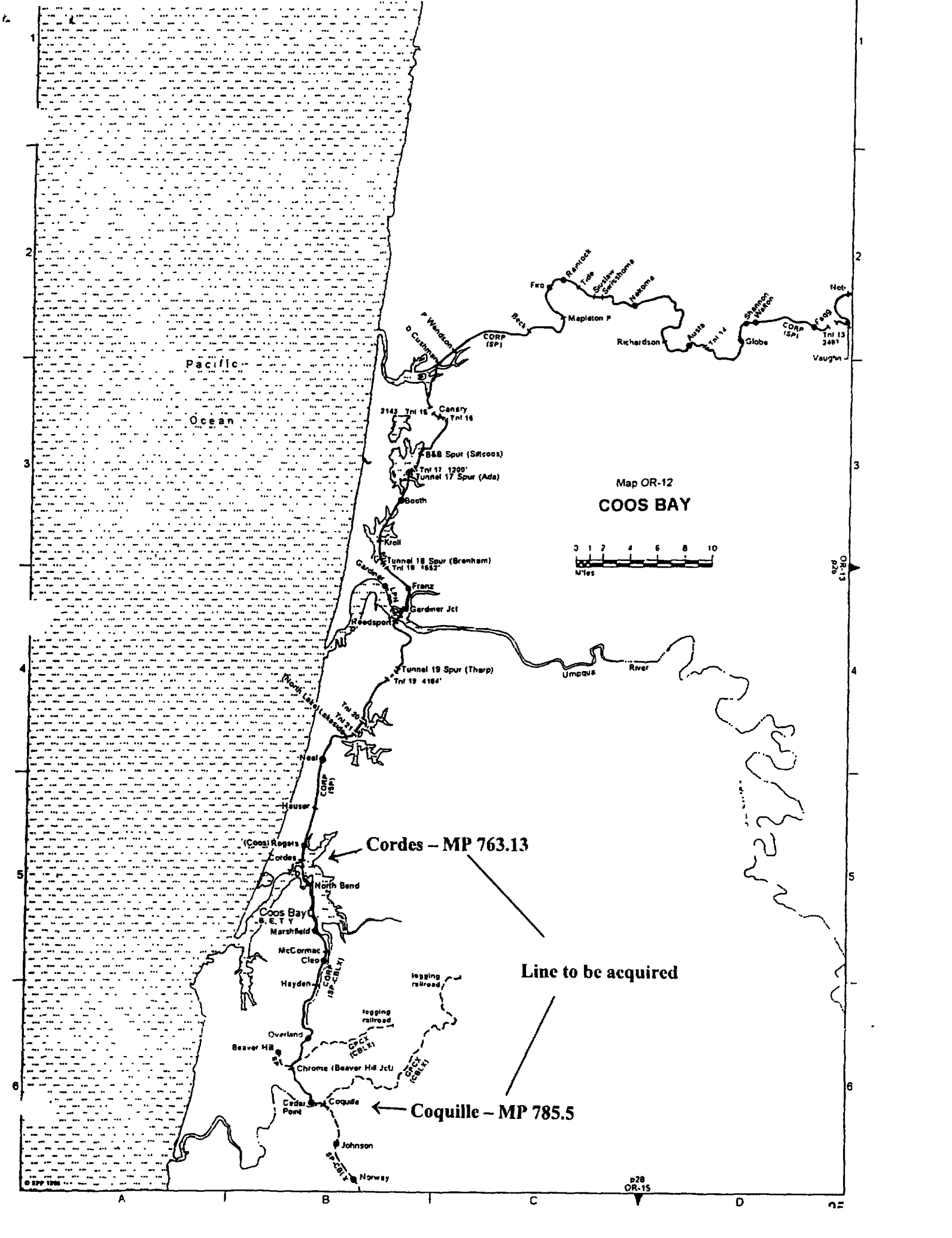


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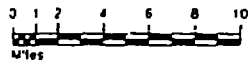
June 23, 2010

Exhibit 1



Pacific
Ocean

Map OR-12
COOS BAY



Cordes - MP 763.13

Line to be acquired

Coquille - MP 785.5

Exhibit 2

VERIFICATION

I, Jeffrey Bishop, verify under penalty of perjury that the foregoing Notice of Exemption is true and correct to the best of my knowledge and belief, and that I am qualified and authorized to file this Verification on behalf of the Oregon International Port of Coos Bay.




Jeffrey Bishop
Executive Director
Oregon International Port of Coos Bay

Executed on June 21, 2010

Exhibit 3

CERTIFICATION

I, Jeffrey Bishop, certify under penalty of perjury that the annual revenues of the Oregon International Port of Coos Bay from rail operations as a result of this Notice of Exemption transaction will not result in the creation of a Class II or Class I rail carrier so as to require processing under § 1150.45. In addition, I hereby certify that annual revenues from rail operations of the Oregon International Port of Coos Bay do not exceed \$5 million such that the requirement to give advance notice to labor under § 1150.42(e) is triggered. I certify that I am qualified and authorized to file this Certification on behalf of the Oregon International Port of Coos Bay.



Jeffrey Bishop
Executive Director
Oregon International Port of Coos Bay

Executed on June 21, 2010

Exhibit 4

SURFACE TRANSPORTATION BOARD

Notice of Exemption

STB Finance Docket No. 35385

**OREGON INTERNATIONAL PORT OF COOS BAY
– ACQUISITION EXEMPTION –
RAIL LINE OF UNION PACIFIC RAILROAD COMPANY
IN COOS COUNTY, OR**

The Oregon International Port of Coos Bay (“Port”) has filed a verified notice of exemption under 49 CFR § 1150.41 to acquire the rail line of the Union Pacific Railroad Company between milepost number 763.13 in Cordes to milepost number 785.5 in Coquille. The subject rail line is entirely in Coos County, Oregon.

Comments must be filed with the Surface Transportation Board and served on:

Sandra L. Brown
Thompson Hine LLP
1920 N Street, N.W., Suite 800
Washington, DC 20036
(202) 263-4101

This notice is being filed under 49 CFR § 1150.41. If the notice contains false or misleading information, the exemption is void *ab initio*. The filing of a petition to revoke will not automatically stay the transaction.